

338.7  
P611  
1921

APR 1 1922

FILE RECEIVED MAR 8 1922

FROM	RETURN				CARDS	ASHER
TO	TO	WIKEN	REMB	BOOK K		
FOR				UNDER		
FILED						
NO AM.	For. Ex.	Bond	Sales	Wgt.	ARJ. B.	File

# THE PIERCE-ARROW MOTOR CAR COMPANY

---

## FIFTH ANNUAL REPORT

FOR THE YEAR ENDING  
DECEMBER 31, 1921

RETURN TO FILE  
BERNHARD, SCHOLLE & CO.  
STATISTICAL DEPT.



# THE PIERCE-ARROW MOTOR CAR COMPANY

---

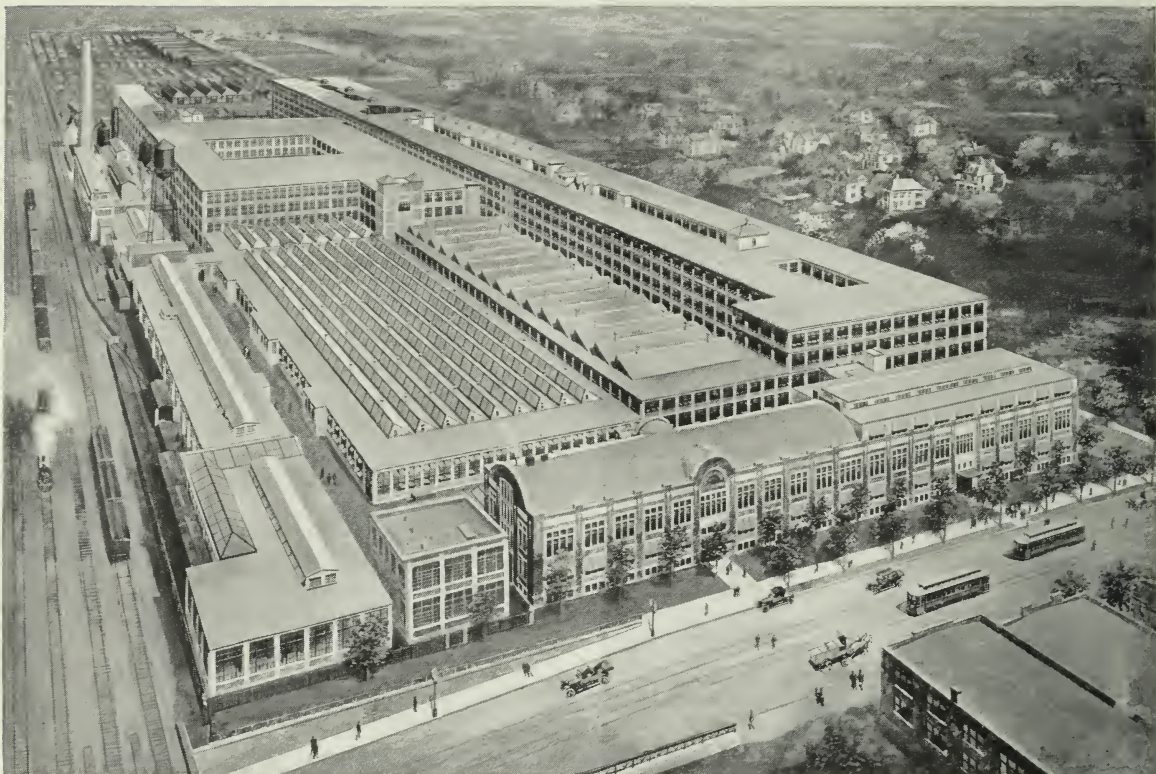
## FIFTH ANNUAL REPORT

FOR THE YEAR ENDING  
DECEMBER 31, 1921

THE LIBRARY OF THE

SEP 17 1951

UNIVERSITY OF MICHIGAN



OFFICE AND PLANT

1695 Elmwood Avenue,

Buffalo, New York.

# THE PIERCE-ARROW MOTOR CAR COMPANY

---

## BOARD OF DIRECTORS

CHARLES CLIFTON	.	.	.	.	.	.	Buffalo, N. Y.
WALTER P. COOKE	.	.	.	.	.	.	Buffalo, N. Y.
JOSEPH G. DUDLEY	.	.	.	.	.	.	Buffalo, N. Y.
M. E. FORBES	.	.	.	.	.	.	Buffalo, N. Y.
JOHN C. JAY, JR.	.	.	.	.	.	.	New York, N. Y.
WALTER G. KIMBALL	.	.	.	.	.	.	New York, N. Y.
E. A. POTTER, JR.	.	.	.	.	.	.	New York, N. Y.
C. J. SCHMIDLAPP	.	.	.	.	.	.	New York, N. Y.
ALBERT STRAUSS	.	.	.	.	.	.	New York, N. Y.

# THE PIERCE-ARROW MOTOR CAR COMPANY

---

## OFFICERS

CHARLES CLIFTON	.	.	.	.	.	<i>Chairman of Board</i>
M. E. FORBES	.	.	.			<i>Vice President and General Manager</i>
E. C. PEARSON	.	.	.	.	.	<i>Secretary</i>
E. H. ROUNDS	.	.	.	.	.	<i>Assistant Treasurer</i>
C. SENFT	.	.	.	.	.	<i>Assistant Treasurer</i>
S. O. FELLOWS	.	.	.	.	.	<i>Comptroller</i>

# THE PIERCE-ARROW MOTOR CAR COMPANY

---

## TRANSFER AGENT

CENTRAL UNION TRUST COMPANY OF NEW YORK,  
80 BROADWAY, NEW YORK, N. Y.

---

## REGISTRAR OF TRANSFERS

THE CHASE NATIONAL BANK,  
57 BROADWAY, NEW YORK, N. Y.



## REPORT

Buffalo, N. Y., February 27, 1922.

### TO THE STOCKHOLDERS:

There is submitted herewith the fifth annual report of The Pierce-Arrow Motor Car Company for the year ended December 31, 1921, together with a statement of the financial condition of the company.

### OPERATIONS FOR 1921

Manufacturing loss from operations based on absorption in cost of estimated operating expenses on basis of normal volume of business, and after making provisions for depreciation of plant and tools amounting to \$674,293.64 .....	\$ 1,810,498.34
Add:	
Operating expenses in addition to the amount absorbed above in manufacturing cost .....	2,246,875.06
Estimated losses in connection with inventories, adjustment in respect of obsolete parts, and in connection with changes in models .....	4,197,021.73
Total .....	\$ 8,254,395.13
Interest on bank loans, etc. (net.) .....	509,316.89
Losses for year .....	\$ 8,763,712.02
Deduct:	
Surplus at December 31, 1920 ....	\$4,541,646.58
Less 2% dividend on preferred stock paid April 1, 1921 .....	200,000.00      4,341,546.58
Deficit, as per balance sheet .....	<u>\$ 4,422,165.44</u>

Your company, like a great number of large industries, passed through a most difficult year in 1921, and suffered from a loss in its volume of sales brought about by the general business depression.

The reduced volume of business caused an abnormal operating cost, which together with the reduction made in the selling prices of the product and losses sustained through the writing down of inventories and commitments from the cost price to the basis of cost or approximate market—whichever is lower—resulted in a loss as above.



## CAPITAL ACCOUNT

Charges to property and equipment account during the year amounted to \$19,090.18. The property has been fully maintained and ample reserves have been provided for depreciation of property and equipment at rates similar to those used in previous years.

All expenditures during the year in connection with engineering changes in the cars and trucks, tools, patterns, etc., have been absorbed in the factory operating expenses.

## WORKING CAPITAL

The net working capital of the company at December 31, 1921, amounted to \$4,985,801.11, as follows:

### Current assets:

#### Inventories—

(At cost or approximate market—whichever is lower) .....	\$11,246,697.30
Receivables, etc., as per balance sheet .....	1,930,662.73
Cash .....	473,963.72

---

Total current assets .....	\$13,651,323.75
----------------------------	-----------------

### Liabilities:

Notes payable .....	\$7,150,000.00
Accounts payable .....	1,393,322.64
Dealers' deposits .....	122,200.00

---

Total liabilities .....	8,665,522.64
-------------------------	--------------

---

Net working capital .....	<u>\$ 4,985,801.11</u>
---------------------------	------------------------

The inventories have been based on physical checks during the year as to quantities, and are valued at cost or approximate market—which-ever is lower—as of December 31, 1921. The items constituting the in-ventories are well proportioned for economical operations.

A reserve of \$224,514.00 has been established against accounts re-ceiveable, which your Directors believe to be sufficient to provide for any possible losses.

A sufficient provision for the difference between purchase prices of materials not yet delivered to the company and present replacement prices has been included in the reserve for contingencies.

## GENERAL

If business continues as our present increase in orders indicates, the results for the year 1922 should materially strengthen the financial position of the company. This statement takes into consideration the fact that inventories have now been reduced to cost or approximate market—whichever is lower—and that expenses have been drastically reduced.

The reduction in expenses and the changes in organization which it has involved have been made with scrupulous regard for the maintenance of the high quality of Pierce-Arrow cars and trucks which makes them unquestioned leaders.

MYRON E. FORBES,  
Vice President and General Manager.

By order of the Board of Directors,  
CHARLES CLIFTON,  
Chairman.

CABLE ADDRESS "PRICEWATER"

NEW YORK  
CHICAGO  
PHILADELPHIA  
BOSTON  
PROVIDENCE  
ST. LOUIS  
PITTSBURGH  
CLEVELAND  
DETROIT  
MILWAUKEE  
SAN FRANCISCO  
LOS ANGELES  
SEATTLE

# PRICE, WATERHOUSE & Co.

56 PINE STREET.

NEW YORK.

MONTREAL.  
TORONTO.  
WINNIPEG.  
VANCOUVER.

BUENOS AIRES.  
RIO DE JANEIRO.  
VALPARAISO.

LONDON.  
PARIS.  
ROTTERDAM.

CAIRO.  
ALEXANDRIA.

February 25, 1922.

## CERTIFICATE OF INDEPENDENT AUDITORS

---

TO THE STOCKHOLDERS

OF

THE PIERCE-ARROW MOTOR CAR COMPANY.

We have examined the books of The Pierce-Arrow Motor Car Company for the year ending December 31, 1921, and we certify that, in our opinion, the attached balance sheet fairly sets forth the financial position of the company at this date.

(Signed) PRICE, WATERHOUSE & COMPANY

# THE PIERCE-ARROW

## BALANCE SHEET

### ASSETS

#### PROPERTY ACCOUNT:

Plant site, buildings, machinery and equipment . . . . .	\$ 8,835,774.21
Less—Reserve for depreciation . . . . .	2,586,042.44

---

\$ 6,249,731.77

Patents, Trademarks, etc. . . . .	2.00
-----------------------------------	------

---

\$ 6,249,733.77

#### INVESTMENTS IN FOREIGN

BRANCHES . . . . .	\$ 302,204.48
Less—Reserves . . . . .	175,000.00

---

127,204.48

#### CURRENT ASSETS:

Inventories valued at cost or approximate market—whichever is lower:

Finished vehicles . . . . .	\$ 1,040,147.87
Work in progress and finished parts . . . . .	4,866,881.95
Raw materials, supplies, etc. . . . .	5,339,667.48

---

Total inventories . . . . .	\$11,246,697.30
-----------------------------	-----------------

Notes and accounts receivable . . . . .	\$1,759,553.06
---	----------------

Less—Reserve for doubtful accounts . . . . .	224,514.41	1,535,038.65
--	------------	--------------

U. S. Government War Department account (Payment withheld pending settlement of claim by the Government for additional excise taxes) . . . . .	208,262.86
--	------------

Miscellaneous investments and deposits . . . . .	187,361.22
Cash in banks and on hand . . . . .	473,963.72

---

13,651,323.75

---

139,796.28

#### DEFERRED CHARGES TO OPERATIONS:

Total Assets . . . . .	\$20,168,058.28
------------------------	-----------------

DEFICIT, as shown in Directors' report . . . . .	4,422,165.44
--	--------------

---

\$24,590,223.72

# MOTOR CAR COMPANY

DECEMBER 31, 1921

## LIABILITIES

### CAPITAL:

8% Cumulative convertible preferred stock:

Authorized and issued — 100,000 shares of \$100 each . . . \$10,000,000.00

Note: Dividends unpaid since March 31, 1921.

### Common Stock:

Authorized and issued—250,000 shares of no par value, but of the declared value of \$5.00 per share . . . 1,250,000.00

Capital Surplus . . . . . 4,081,411.90

---

15,331,411.90

### CURRENT LIABILITIES:

Bank loans . . . . . \$ 7,150,000.00

Accounts payable . . . . . 1,393,322.64

Customers' deposits . . . . . 122,200.00

---

8,665,522.64

### OPERATING AND CONTINGENCY RESERVES

593,289.18

Note: The total commitments for materials not delivered to the company at December 31, 1921, amounted to \$2,765,613.70. Of this amount \$617,104.44 is in excess of market values to the extent of \$124,000.00 and provision therefor has been included in the Reserve for Contingencies.

---

---

\$24,590,223.72







UNIVERSITY OF ILLINOIS-URBANA



3 0112 103568769